



ASEAN-Russia Relations

EDITED BY

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Institute of Southeast Asian Studies
Singapore

IMEMO

Institute of World Economy and International Relations
Russia

First published in Singapore in 2006 by ISEAS Publications
Institute of Southeast Asian Studies
30 Heng Mui Keng Terrace
Pasir Panjang
Singapore 119614

E-mail: publish@iseas.edu.sg

Website: <http://bookshop.iseas.edu.sg>

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ISEAS Library Cataloguing-in-Publication Data

ASEAN-Russia relations / edited by Gennady Chufurin, Mark Hong, Teo Kah Beng.
“... the result of a joint conference organized in March 2005 by IMEMO (Institute of World Economy and Politics) and ISEAS (Institute of Southeast Asian Studies) in Singapore”—Foreword.

1. ASEAN—Congresses.
2. Southeast Asia—Foreign relations—Russia—Congresses.
3. Russia—Foreign relations—Southeast Asia—Congresses.
4. Terrorism—Southeast Asia—Congresses.
5. National security—Southeast Asia—Congresses.
6. Southeast Asia—Foreign economic relations—Russia—Congresses.
7. Russia—Foreign economic relations—Southeast Asia—Congresses.
- I. Chufurin, Gennadi Illarionovich.
- II. Hong, Mark.
- III. Teo, Kah Beng.
- IV. Institut mirovogo khozia_stva i mirovo_politiki (Akademiia nauk SSSR)
- V. Institute of Southeast Asian Studies.

DS528.8 R9A84

2006

ISBN 981-230-359-6

Typeset by Superskill Graphics Pte Ltd
Printed in Singapore by Seng Lee Press Pte Ltd

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IMEMO is the Russian abbreviation for the **Institute of World Economy and International Relations**. It was established in Moscow in 1956 to study contemporary problems of global political and economic relations. It is a major think-tank within the Russian Academy of Sciences working initially for the Soviet and now for the Russian Government.

The **Institute of Southeast Asian Studies (ISEAS)** was established as an autonomous organization in 1968. It is a regional centre dedicated to the study of socio-political, security and economic trends and developments in Southeast Asia and its wider geostrategic and economic environment. The Institute's research programmes are the Regional Economic Studies (RES, including ASEAN and APEC), Regional Strategic and Political Studies (RSPS), and Regional Social and Cultural Studies (RSCS).

ISEAS Publications, an established academic press, has issued more than 1,000 books and journals. It is the largest scholarly publisher of research about Southeast Asia from within the region. ISEAS Publications works with many other academic and trade publishers and distributors to disseminate important research and analyses from and about Southeast Asia to the rest of the world.

Foreword

This timely book is the result of a joint conference organized in March 2005 by the IMEMO (Institute of World Economy and Politics) and ISEAS (Institute of Southeast Asian Studies) in Singapore. With the rise of India and China, the entire Asian continent is feeling the great impact of socioeconomic changes and challenges created by these twin engines of progress and cooperation. The question on the minds of regional analysts is: Where is Russia in the midst of these vast changes? What is its role?

ASEAN itself is caught up in these challenges. It has responded by a series of initiatives, such as its ambitious vision to build three ASEAN Communities (economic, sociocultural, and security); its forward-looking ASEAN+3 efforts; its proposed Free Trade Agreements with all Asian neighbours, ranging from India, China, Japan, South Korea, and further afield, with the United States and Australia. Individual ASEAN members have contributed greatly, such as Thailand's Asia Cooperation Dialogue; BIMSTEC; the Irrawady-Chao Praya-Mekong Scheme; whilst Singapore has organized the Asia-Middle East Dialogue and the Shangri-La Security Forum; Malaysia has its East Asia Summit; Indonesia has revived the Bandung spirit of cooperation between Africa and Asia; Vietnam is reaching out to the United States. Both India and China are reaching out to ASEAN with several major economic and security initiatives. All these initiatives demonstrate that the region is actively responding to the ferment of the post-Cold War era/post-9/11 challenges.

Russia is now stirring; one good example is its current interest to join the East Asia summit meeting in Kuala Lumpur in December 2005. We in ISEAS set out to explore this intriguing question: how a Great Power like Russia could play an active role in the region, and in what ways ASEAN could engage Russia. Currently, Russia's interaction with ASEAN is limited to the

full dialogue between both parties, and trade between both sides is categorized by Russian arms sales and ASEAN raw materials. This book sets out to examine these challenges and opportunities, by examining the state of relations between Russia and selected individual ASEAN countries. This exploration has just started and will continue through a series of conferences, hosted alternately by IMEMO and ISEAS. Several interesting ideas are offered, such as a proposal for a Russia-ASEAN FTA; building tourism/business bridges through budget airlines; proposals to strengthen and energize the ASEAN-Russia dialogue.

It is with the aim of promoting a constructive dialogue between ASEAN and Russia, and the world at large, that this book has been published. I take this opportunity to thank our colleagues in IMEMO and ISEAS, who collectively have helped to launch a worthwhile and challenging endeavour. In particular, I wish to express my appreciation to Mark Hong, Teo Kah Beng and ISEAS Intern Stasia Kostetskaia for their diligent editorial work.

K. Kesavapany

Director

Institute of Southeast Asian Studies

Singapore

14 September 2005

Foreword

This conference organized by the ISEAS undoubtedly presents an important landmark in relations between academic communities of Russia and the ASEAN countries. Moreover the mere fact of holding this conference reflects a growing interest between our countries, our societies in promoting more close and mutually beneficial relationship on a wide range of issues — political, economic, cultural.

It is worth noting in this regard that the ISEAS-IMEMO conference is organized on the eve of the first Russia-ASEAN Summit which is to be held later this year. And it is quite logical therefore that the conference agenda addresses most crucial political, economic and security problems that evoke mutual interest and concern. I wish that conference participants will concentrate not only on analysing these problems but may work out concrete recommendations to our respective governments, academic and business communities on strengthening and broadening our cooperation.

Russia now pursues an ambitious national development strategy going far beyond resolution of economic and social problems it inherited from the previous times. In fact, the strategy is aimed at laying a solid foundation for a sustained progress of Russia as a democratic and prosperous country ready to cooperate with other nations. While pursuing these goals, Russia is particularly interested in promoting cooperation with the countries of East and Southeast Asia. For these purposes, Russia intends to use its considerable potential of human, industrial and natural resources as well as to take an active part in the now strengthening regional cooperation in East Asia. It also believes that in the process of such cooperation with regional countries on a bilateral as well as multilateral basis, the development of its own regions of Siberia and the Far East will be greatly facilitated.

I sincerely hope that the forthcoming discussions at our conference covering these and other issues of the Russia-ASEAN relationship will be both thought provoking and intellectually rewarding.

Professor Gennady Chufrin
Deputy Director
Institute of World Economy and
International Relations (IMEMO)
Russia

Opening Address

Today we launch the inaugural seminar of the IMEMO-ISEAS series, with this timely meeting, which focuses on ASEAN-Russia relations. Many great changes are underway in the Asia-Pacific, such as the recent developments in North Korea and Taiwan-China, as well as evolving trends in the trilateral U.S.-Japan-China relations. Russia is both participant, as in the Six-Party Talks on North Korea, as well as a keen observer of regional trends. ASEAN itself is bound to be affected by these regional developments. It is therefore useful and timely for both sides to exchange views and perceptions on topics of mutual interests.

Beyond these considerations, Russia is an ASEAN dialogue partner and will also take part in the ASEAN Summit to be held in 2005. This seminar, as well as the next leg to be held in Moscow in 2006 and hosted by IMEMO, provides an opportunity for the exchange of ideas and inputs into the ASEAN Summit process. As bilateral relations are an integral part of the dialogue process, it is also relevant to discuss Russia's relations with key ASEAN countries, such as Indonesia, Malaysia and Singapore. Papers on these aspects will be presented at this seminar.

On bilateral relations, there is renewed interest on the part of Singapore companies in the Russian market. Both Russia and Singapore are key players in the Asia-Pacific energy markets, Russia as a growing supplier of oil and gas to the North Pacific markets, and Singapore as a key oil refiner, trader and market price setter. Energy issues might form a suitable area of discussions in future seminars in this series.

There have been a growing number of exchange visits of trade and business delegations as well as parliamentary delegations between both sides. Such contacts help to strengthen relations and help to increase knowledge

about business opportunities in Russia, which is a fast growing economy with solid growth prospects. Academic connections will enhance mutual understanding and also help to further strengthen growing ties and expand networking contacts.

I would like to also take this opportunity to thank H.E. Ambassador of the Russian Federation, Mr. Sergei Kiselev, Professor Gennady Chufrin of IMEMO, IE Singapore and Amtel Company for their invaluable support for this seminar. We all look forward to fruitful discussions at this seminar and a productive collaboration with IMEMO in the future.

K. Kesavapany
Director
Institute of Southeast Asian Studies

Opening Address

It is my great pleasure to be invited today and to be given an opportunity to address you on the occasion of a seminar jointly organized by the Institute of Southeast Asian Studies (ISEAS) and Russian Academy of Sciences' Institute of the World Economy and International Relations (IMEMO). I am not flattering anyone when I state that these two famous institutions represent what may be the sharpest minds of two nations and always tend to be at the research edge in their never-ending academic quest.

The theme of the seminar, "ASEAN Relations with Russia", covers a wide range of topics to be discussed and proves a great deal of mutual interest existing both in my home country and within the region of Southeast Asia — home base for ASEAN members. I shall talk briefly from the Russian angle and try to define why Russia is interested in deepening its relations with ASEAN and why the association might be interested in Russia as well.

In the era of increasing globalization and technical innovation, what lies beneath our mutual interest in each other? It is not only geographical factor that two-thirds of Russia's territory belongs to the Asian region making it the biggest Euro-Asian country in the world. As the case of Singapore proves, size matters, but it is not crucial to success. It is not a matter of rich variety of natural resources — Singapore again sets up an excellent example that even without a drop of its own oil it is possible to become one of the biggest oil refiners globally.

We are living in a constantly and rapidly changing environment to which we have to adapt flexibly in order to survive and prosper. In this small and highly interdependent world we face the same challenges and depend on each other more and more. I am not saying that we are similar; we have a lot of differences — historical, political, and cultural. Yet we share the same values

— we help when someone cries out for our help, like it was in tsunami-hit Aceh, Thailand and Sri Lanka. We stay united and determined, when attacked by the terror.

I am fully convinced that besides all other important factors, these alone could serve as a solid foundation for our widening relations. I am sure that forthcoming discussions, timely and topical, will shed more light on the substance of the subject.

Russia sees ASEAN as an authoritative and influential organization which actively assists the integration processes in the Asia-Pacific region. Russia highly values the constructive role that ASEAN plays in ensuring stability in Southeast Asia, in its economic and social development.

ASEAN has gained a strong foothold as one of the major centres of influence in the Asia-Pacific region, become a unique “nucleus” of regional integration processes and a gravitational field both for Asian and non-regional states. Development of diversified links with ASEAN is a priority area of Russian policy in Asia. We constantly confirm that in word and deed.

We appreciate ASEAN’s philosophy of multilateral interaction, its firm commitment to the UN Charter, settlement of disputes by political methods. The recent accession of Russia to the Bali Treaty of 1976, which for almost three decades has been a solid foundation for peace in Southeast Asia and the Asia-Pacific region as a whole, is a telling proof of that.

ASEAN and Russia have similar approaches to major global and regional problems. We collaborate closer and closer in multilateral associations, the foremost example being within the framework of the ASEAN Regional Forum (ARF). Our partnership is becoming an increasingly influential factor for ensuring peace and stability in the Asia-Pacific region.

Political dialogue with the association provides a basis for developing cooperation in the areas of economy, science and technology, tourism, culture and education. We are ready to work on various joint projects with ASEAN partners.

The last two years have witnessed a qualitative breakthrough in our relations. The regulatory and legal frameworks of Russia-ASEAN relations are being intensively developed. The ASEAN-Russia Joint Declaration on Partnership for Peace and Security, Prosperity and Development in the Asia Pacific, which serves as the main framework for further build-up of relations with the association, was signed in Phnom Penh in June 2003. The Joint Declaration for Cooperation to Combat International Terrorism, which made it possible to start developing practical counter-terrorism interaction, was signed in Jakarta in 2004. The next item on the agenda is an agreement on

economic cooperation, which we expect to be signed during the ASEAN-Russia ministerial meeting in Laos in July 2005.

Interaction with ASEAN is particularly significant for Russia in terms of achieving our social and economic objectives, developing Siberia and the Far East regions and promoting the well-being of Russian citizens. Practical interaction with Russia in the fields of high technologies, science, energy, culture, tourism, etc., is also particularly beneficial for ASEAN.

The accumulated potential of ASEAN-Russia ties makes it possible to bring them to the highest level. We are convinced that the first ASEAN-Russia Summit to be held in December 2005 will become a genuine landmark and give a powerful impetus to developing dynamic and mutually beneficial relations.

Dramatic shifts in the ASEAN-Russia relations have become possible due to close interactions between all parties involved that specifically underlines the role of Singapore as the coordinator for the ASEAN-Russia dialogue. We are grateful to the Republic for its endless efforts in this direction and treasure our long-standing friendly relations, which have undergone major changes in nature since their establishment back in 1968.

Political dialogue with Singapore, which is considered by Russia as one of the key players in the region, has been developing on a steady path in recent years. Following respective exchange of visits by Singaporean and Russian foreign ministers in 2002 and 2003, last year witnessed an important visit by George Yeo, then Minister for Trade and Industry, at the helm of a business delegation to Moscow and Saint Petersburg. More high profile visits are on the agenda of bilateral contacts. Besides, we have a regular inter-ministerial dialogue in the form of bilateral consultations at the level of deputy foreign ministers and directors of political departments, as well as constructive and productive interaction at various levels in international organizations. We have a good mutual understanding and share similar approaches to many issues.

Political dialogue is important. The key to development of bilateral ties is closer cooperation in trade, investment and technology. Trade figures are somewhat comforting. In 2004, total turnover surged by more than 30 per cent on a year-on-year basis and amounted to US\$696.5 million, with Russian exports totalling US\$322.6 million, and imports totalling US\$373.9 million. There is spacious room for improvement. From our point of view, trade structure needs more diversity as well — energy-related unprocessed items coupled with ferrous and non-ferrous metals now account for more than 80 per cent of total Russian exports to Singapore. We do not underestimate

the importance of the resource-oriented trading. We would like to see more bilateral cooperation in such advanced fields as biomedicine, engineering and electronics, IT technologies and software development.

Russia has inherited and developed a solid research and development base, globally renowned school of fundamental science, highly skilled and professional staff. Take any field of advanced research and you will find Russian names in the list, be it space, lasers, informatics, bio and chemical technologies, pharmacology, radioelectronics, defence and dual technologies, etc. This potential could and should be widely utilized in collaboration with ASEAN members, including Singapore, in transforming their largely industrial economy to one based upon fundamental research and exclusive knowledge.

Singapore is widely referred to as a regional hub — in trade and industry, finance and investment, transport and communication. Vast opportunities for bilateral interaction in developing it into an advanced technology hub are also present. We are determined to further deepen cooperation between universities and research centres. Russia could learn from Singapore's experience in the commercialization of science and technology.

The first steps have been taken. Russia stays in the focus of the Singapore Government agencies and business organizations: Besides a major agreement on double-taxation in 2002, protocols and MOUs were signed in 2002 and 2003 respectively between the Russian Union of Industrialists and Entrepreneurs and the Singapore Confederation of Industries, the Russian Chamber of Commerce and Industry and IE Singapore. A delegation of the association of Small and Medium enterprises "OPORA of Russia" visited Singapore on the occasion of "Global Entrepolis Singapore" in October 2004 and signed an MOU with the Singapore Business Federation. Singapore agreed to support Russia's accession to the WTO, which is very important for us. There are several bilateral agreements currently being discussed and shaped up, including an investment guarantees agreement, on science and technology cooperation and a visa waiving agreement.

Singapore is considered as a "Go Ahead!" light for many Asian investors. If Singaporeans make their move, for the rest of the region it means that it is safe and promising to follow them. We welcome more visible presence of Singaporean companies in the Russian market, which in turn will result in broader cooperation between Russia and other countries of ASEAN. This will also create a backstream of Russian companies to Singapore and the region. The current level of mutual investments cannot satisfy both sides: Singaporean investments in Russia from 1999 to 2002 amount to a mere US\$160 million (for comparison — Russian investments in Singapore stand at US\$62.5 million). According to other data, accumulated Singapore investments in

Russia since the beginning of the 1990s to 2003 could amount up to US\$770 million. But this is still below the potential. The idea of establishing a Russia-Singapore investment fund is timely and certainly deserves greater attention. It is very encouraging that such Singaporean corporate “giants” like “Singapore Technologies” and “Temasek Holdings” are showing strong interest in the Russian market.

Another direction of our bilateral cooperation could be Singaporean participation in large-scale projects with the regional dimension undertaken by Russia in the areas of energy, transportation, and telecommunications.

These are my brief insights on this long-term subject. I am confident that this seminar will mark a beginning of a series of bilateral academic exchanges in the fields which are undoubtedly much needed by both sides.

I would like to thank all organizers of this important event, participating members from ISEAS and IMEMO and personally Director Kesavapany and Deputy Director Chufrin, for their interest and efforts and wish this seminar and its participants every success.

*Sergey B. Kiselev
Ambassador Extraordinary and Plenipotentiary
of the Russian Federation*

